21 November 2012

Submission in brief to the

The Aged Care Financing Authority's advice on accommodation payments and equivalence of lump sum and periodic payments

Anglicare Australia

Anglicare Australia is a network of 45 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the faith that every individual has intrinsic value. Our services are delivered to one in forty Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 17,771 staff and 17,908 volunteers work with over 480,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia welcomes the opportunity to respond in brief to the Aged Care Financing Authority's (ACFA's) draft recommendations. 14 of our members provide care for older Australians – residential care, community care or both. They range from large providers serving diverse communities right across our largest cities – such as ARV and Chesalon in Sydney and Benetas in Melbourne, to small regional homes for the aged such as those provided by Gippsland Anglican Aged Care Ltd and Anglicare Willochra in SA. Some of these organisations are likely to respond to the draft recommendation on their own behalf.

Response to Draft Recommendations

Anglicare Australia offers the following brief comments on the draft recommendations.

The maximum lump sum methodology will clearly suit the majority of approved providers, with a number of qualifications.

1. It is important to note that the current level at which bonds are set by many of our members are substantially below the 95th percentile. For these organisations, the proposed removal of monthly retentions could be offset by a one-off increase (where a retention of $300 per month implies a bond pricing uplift of $48,000).

   Of course this adjustment in the level is more problematic for providers whose bonds approach the proposed cap. In our experience, residents and families at these facilities rarely object to the retentions, and removing this revenue stream will create additional funding pressures, as the ACFA discussion paper acknowledges. It is for that reason that it has been strongly argued to us that ACFA should reconsider the proposal to remove

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the retentions from bonds. At the very least, the 95 percentile should be set once the loss of bond retention has been absorbed.

2. The relevant Government authority needs to be able to pre-approve bond prices above the maximum lump sum. It would clearly be unworkable for providers whose bonds are already above maximum level to be required to seek approval on a case by case basis. Similarly, rooms need to be offered at the expected market cost, and it would be unsatisfactory for all concerned if residents were only to find out after moving in what the bond level was.

3. There also needs to be a bridging contract for residents to cover their accommodation costs during the 21 day "choice of payment" period.

4. The recommendations are silent on the subject of indexation. The industry needs to know the method of indexation that will be applied to the maximum lump sum, and what the anniversary dates are going to be.

5. Feedback from our members strongly supports the recommended review of the proposed insurance requirements on lump sum accommodation payments, noting there do not appear to be any suitable insurance products on the market, and that they believe the current arrangements are satisfactory.

For more information on Anglicare Australia's response to the Australian Government's Living Longer Living Better aged care reforms, and the Aged Care Financing Authority's draft recommendations on accommodation payments, please contact Roland Manderson in this office.

Yours sincerely

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